

MONROE COUNTY REAL PROPERTY TAX

Several factors influence the amount of county tax that a real property owner in Monroe County will pay:

- **Assessed Value** is the value placed on the property by city or town assessors. As a result of different assessing practices in each jurisdiction, there is a different relationship of assessed value to full value among jurisdictions within the county. In order to apportion the county tax levy across jurisdictions, the different assessed values are "equalized" to full value.
- **Full Value** represents the estimated market value of all the real property in a municipality at some prior point in time. Full value is based on surveys conducted by the State Board of Real Property Services in which actual field appraisals are performed. From these surveys, equalization rates are established by the state to convert assessed value to full value. As a result of changes in assessed value and equalization rates during this past year, full value has increased in Monroe County by approximately 2.2%.

It should be noted that a change in full value does not mean that individual properties have gained (or lost) real market value. Full value is a measurement tool used to compare properties from one jurisdiction to another. The importance of full value is its use in equitably apportioning the county tax levy.

- **County Tax Levy** is the total amount of money to be raised by the general real property tax. The share of the tax levy for each jurisdiction is based on its percent of the county's total full value. For example, Penfield represents 6.59% of the county's full value for 2003 therefore, 6.59% of the 2003 county tax levy is allocated to Penfield.

Once the 2003 county tax levy is determined, the full value tax rate is calculated by dividing the tax levy by the total full value expressed in thousands of dollars.

<u>Tax Levy</u>		<u>Full Value</u>		<u>F.V. Tax Rate</u>
\$241,447,788	÷	\$30,073,267,156	=	\$8.03

Assessed value tax rates are calculated for each jurisdiction based on its portion of the levy. For example, the assessed value tax rate for Penfield would be calculated as follows:

<u>Share of Levy</u>		<u>Assessed Value</u>		<u>A.V. Tax Rate</u>
\$15,911,409	÷	\$1,981,911,035	=	\$8.03

Full value tax rates can be compared from one jurisdiction to another, while assessed value tax rates cannot. The assessed value tax rate is the rate that appears on a homeowner's tax bill and is used to compute the tax bill. The tax bill is computed by dividing the assessed value of a home by 1,000 and multiplying that number by the assessed value tax rate. Sales Tax Credits, the share of total sales tax collections credited to towns, are then applied to reduce the county property tax liability for residents of towns outside villages.

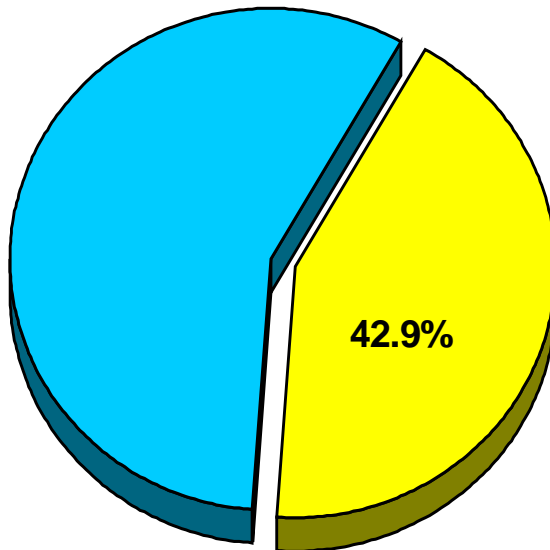
The 2003 tax levy reflects an amendment made by the County Legislature.

MONROE COUNTY CONSTITUTIONAL TAX LIMIT

The Constitutional Tax Limit of the county is determined in accordance with Section 10 of Article VIII of the New York State Constitution. This limits the amount counties may raise in real estate taxes in any fiscal year, exclusive of debt service, to 1.5% of the five-year average full value of taxable real estate of the county. In the calculation, the Sales Tax Credit to towns is an offset to the tax levy for operating purposes.

2003 Estimated Total Taxing Power	\$454,724,195
2003 Estimated Tax Levy	<u>\$195,213,022</u>
TAX MARGIN	\$259,511,173

Percent of Tax Limit Used



MONROE COUNTY TAX HISTORY

YEAR	TAX <u>LEVY</u>	ASSESSED <u>VALUE</u>	FULL <u>VALUE</u>	FULL VALUE <u>TAX RATE</u>
1973	61,705,290	1,894,459,281	5,858,429,217	10.53
1974	59,906,117	2,033,390,964	6,210,053,443	9.65
1975	61,483,622	2,095,964,360	6,586,919,102	9.33
1976	62,034,457	2,138,606,848	7,076,496,443	8.76
1977	75,552,770	2,222,140,303	7,461,243,898	10.13
1978	79,155,464	2,243,360,801	8,046,301,737	9.84
1979	77,380,031	2,333,774,274	8,713,896,707	8.88
1980	81,373,930	2,482,812,154	9,614,418,241	8.46
1981	88,643,988	2,626,259,667	10,533,320,358	8.42
1982	98,311,251	2,697,274,745	10,977,983,158	8.96
1983	121,857,392	2,741,171,449	11,318,520,145	10.77
1984	128,932,140	2,836,804,518	11,468,110,123	11.24
1985	149,434,247	6,231,493,953 ¹	11,858,630,165	12.60
1986	160,165,489	7,235,130,734	12,260,182,198	13.06
1987	175,603,439	9,626,986,531 ¹	12,764,249,075	13.76
1988	175,298,126	9,674,035,937	14,429,477,762	12.15
1989	189,065,914	9,827,133,180	16,225,969,586	11.65
1990	204,038,015	10,047,587,239	18,791,800,432	10.86
1991	226,544,193	10,824,321,443	21,320,720,839	10.63
1992	235,917,168	10,918,272,193	23,036,259,153	10.24
1993	236,769,850	11,036,500,919	26,028,573,329	9.10
1994	238,900,000	11,175,235,093	27,102,973,978	8.81
1995	239,975,000	13,417,259,542 ²	27,446,518,184	8.74
1996	239,000,000	14,956,918,271 ²	27,881,963,406	8.57
1997	239,000,000	19,634,441,892 ³	28,416,915,982	8.41
1998	239,000,000	19,660,843,391	28,625,176,569	8.35
1999	235,500,000	20,313,576,246	28,231,894,384	8.34
2000	235,500,000	20,452,006,665	28,481,812,633	8.27
2001	235,500,000	23,517,351,379 ⁴	28,337,980,574	8.31
2002	235,500,000	24,570,197,311	29,428,946,001	8.00
2003	241,447,788	29,723,721,602 ⁵	30,073,267,156	8.03

¹ Distortion caused by city reassessments.

² Distortion caused by reassessments in Brighton (1995) and Penfield (1996).

³ Distortion caused by reassessments in Chili, Greece, Ogden and Rochester.

⁴ Distortion caused by reassessments in Gates, Irondequoit, East Rochester and Rochester.

⁵ Distortion caused by reassessments in Henrietta and Perinton

FACTORS AFFECTING YOUR MONROE COUNTY PROPERTY TAX

FACTOR	CONTROLLED BY	CHANGE FROM 2002 TO 2003
Monroe County Real Estate Tax Levy	County Government	+2.5%
Monroe County Full Value Tax Rate	County Government	+.38%
Assessed Value	Town or City Government	Varies by Jurisdiction
Equalization	State Government	Varies by State Formula
Sales Tax Receipts	Sharing Agreements - County Retains - County Shares	-\$1.5 million -\$3.2 million
Sales Tax Credit (towns only)	Local Economy	Frozen at \$55 million
County Spending	Programs Required by the Federal or State Government	-\$30.1 million
County Spending	Programs Controlled by the County Government	-\$200 thousand

MONROE COUNTY SALES TAX

Of the 8% sales tax levied in Monroe County, 4% is levied by New York State and 4% is levied by Monroe County. Of the four cents levied by the county there are different distribution formulas applied to two components. The two components, as noted in the Unallocated Revenue portion of the budget (090-9001) are the **"First three cents"** and the **"Additional one cent"**.

"First three cents" Component

The **"First three cents"** component is subject to a complex distribution formula whereby approximately 82.4% of it is distributed to political sub-divisions within the county and approximately 17.6% is retained by the county to finance the county budget. Prior to July 1985, the county received 25% of local sales tax collections and the remainder was divided between the City of Rochester and the suburbs according to relative population. Suburban school districts received one-third of the suburban share and this was divided among the districts according to relative enrollment. The towns and villages divided the remaining two-thirds of the suburb's share according to relative population and full valuation of real estate.

Beginning in July 1985, a modified sales tax distribution formula, known as the Morin/Ryan Plan, went into effect whereby the City of Rochester began to receive a larger share of the sales tax. Named for former County Executive Lucien A. Morin and former Mayor Thomas P. Ryan, Jr., this agreement was put into place in an effort to stabilize the city's financial position in a time of declining resources and increased level of need for city government and school services.

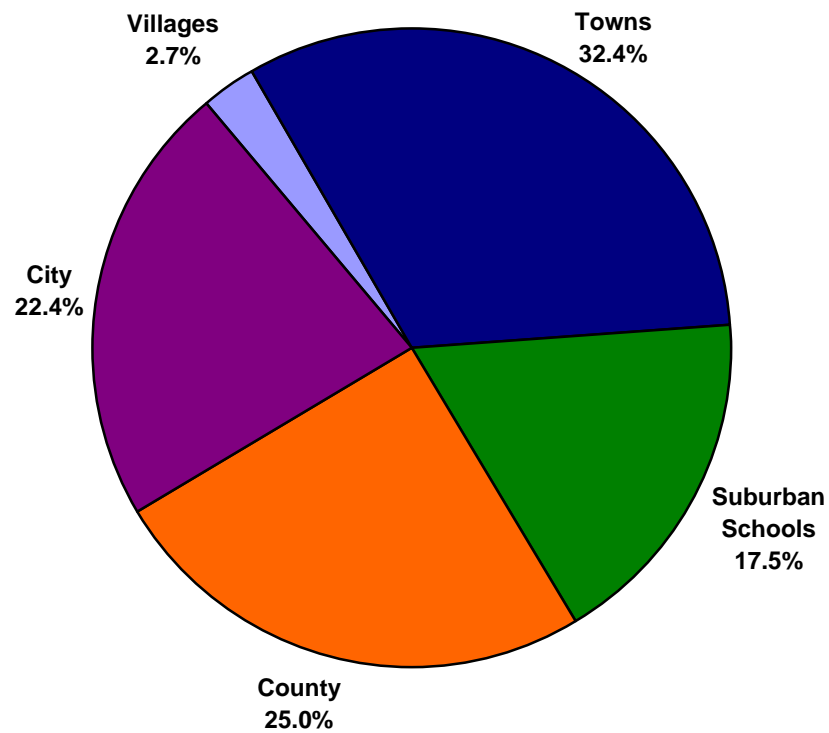
Under the revised formula, the city receives half the annual growth in sales tax collections. The remaining half is divided among the county, city, towns, villages and suburban school districts, with the villages and school districts "held harmless". According to this "hold harmless" provision, the county must compensate suburban schools and villages for any portion of the distribution they may have lost under the new formula. The Morin/Ryan Plan also stipulates that the city share of sales tax may never exceed 35.63% of total collections.

IMPACT OF THE MORIN/RYAN PLAN ON THE "FIRST THREE CENTS" COMPONENT

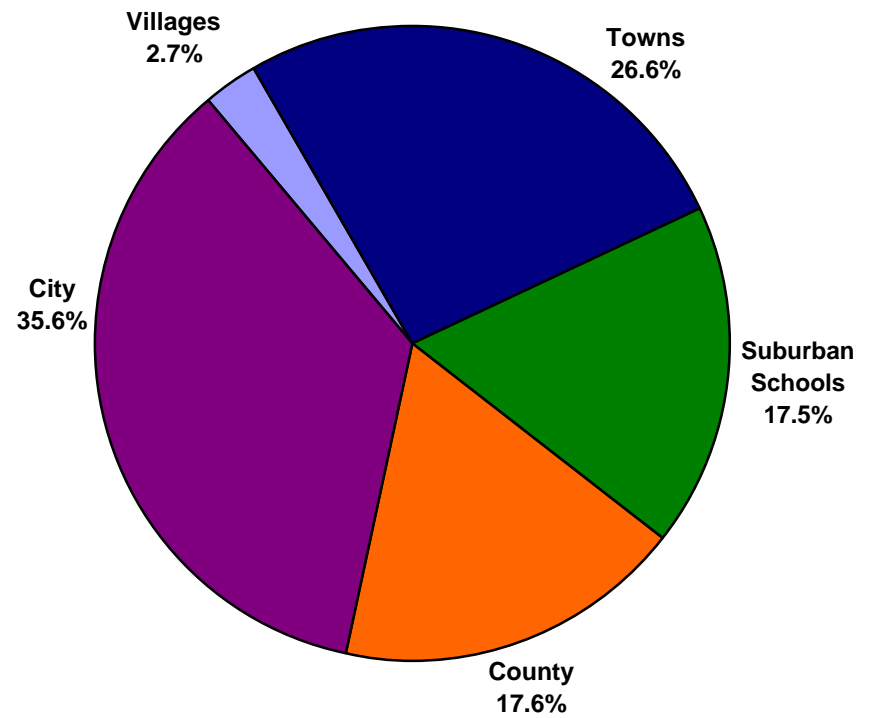
The pie charts on the next page provide a "before" and "after" view of the projected allocations for 2003. If the Morin/Ryan plan had not been implemented, the county would have retained 25% of the first 3 cents of the local sales tax. The effect of the Morin/Ryan plan is to reduce the county's share to approximately 17.6%.

DISTRIBUTION OF FIRST THREE CENTS

2003
PRE-MORIN/RYAN PLAN



2003
MORIN/RYAN PLAN



Since the implementation of the Morin/Ryan Plan in 1985, the city's share has grown significantly while the county's share has increased only slightly. The table below shows the effect of the plan on the projected 2003 sales tax distribution. Nearly \$36.6 million will be redistributed from the county and towns to the city. From 1985 through the 2003 budget estimate, the county will have received about \$254 million less than it would have received under the pre-Morin/Ryan formula.

**IMPACT OF MORIN/RYAN PLAN FOR THE FIRST THREE CENTS
ON PROJECTED 2003 SALES TAX ALLOCATIONS
(\$ Millions)**

	Pre-Morin/Ryan Formula	Morin/Ryan Formula	Difference
City	\$62.3	\$98.9	\$36.6
County	69.4	48.8	(20.6)
Suburban Schools	48.7	48.7	0.0
Towns	90.0	74.0	(16.0)
Villages	7.3	7.3	0.0
Total	\$277.7	\$277.7	\$0.0

Historically, the distribution of sales tax to the towns has not been direct to the town governments, but rather has taken the form of credits against the county real estate tax owed by owners of property in the towns. Beginning in 1996 this was changed to a combination of credit to real estate tax payers and direct payments to town governments. The first \$55 million of the total amount identified as a distribution to the towns will continue as credits against the county real estate tax. The amount above \$55 million will be paid to town governments.

"Additional one cent" Component

The second component of the four cents sales tax levied by the county is the **"Additional one cent"** that went into effect on March 1, 1993 (one-half cent from September 1, 1992 through February 28, 1993). This additional one cent tax was imposed to erase deficits that began in 1990 and to enable the county to meet its rapidly rising cost of mandated public assistance programs.

Since 1995, the county's share of the "additional one cent" tax has steadily decreased from 100% of total tax receipts to 75% in 1999, per prescribed formulas. Beginning in December 1999 (calendar year 2000), after distributing 9.25% of the additional one cent to suburban school districts, towns and villages, the remaining balance (90.75%) is divided between the City of Rochester and the county so that when added to the **"first three cents"** tax, the total share (4 cents) for the city and county is equal. As a result of this "parity" formula, the county is estimated to receive approximately 72.5% of the additional one cent for 2003 (See chart below).

PERCENTAGE ALLOCATION SUMMARY ADDITIONAL ONE CENT (SINCE 1995)

	1995	1996	1997	1998	1999	2000- 2003
City	0.00%	2.50%	5.00%	12.00%	15.75%	18.24%*
County	100.00%	95.00%	90.00%	80.00%	75.00%	72.51%*
Suburban Schools	0.00%	1.00%	2.00%	3.75%	5.00%	5.00%
Towns	0.00%	1.00%	2.00%	3.00%	3.00%	3.00%
Villages	0.00%	0.50%	1.00%	1.25%	1.25%	1.25%

*Approximate % for City and County. This varies on a yearly basis to reflect parity formula explained above. The 2003 estimated percentage is shown here.

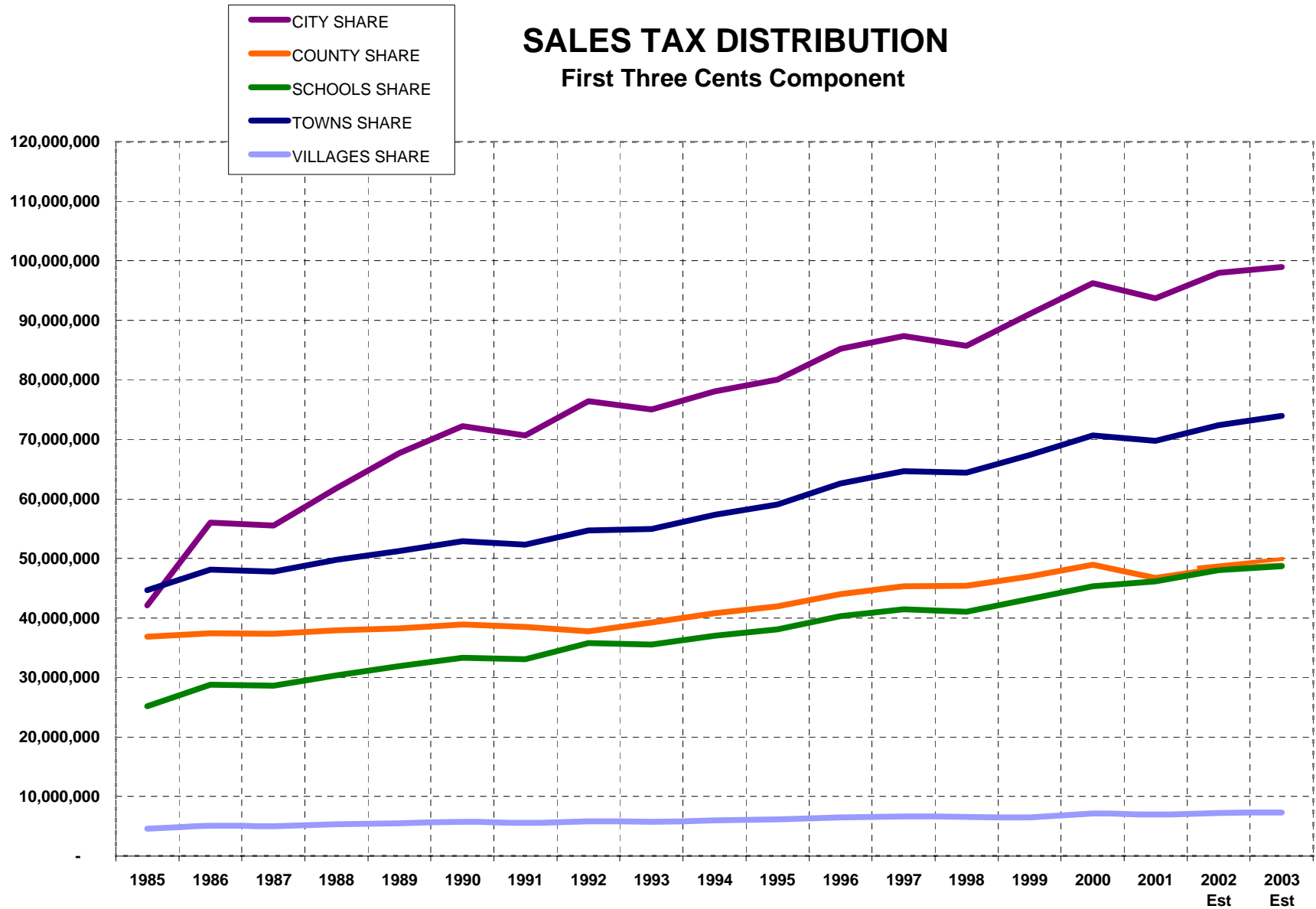
Overall Summary

The graphs on the next two pages show the distribution of the first three cents component tax and the distribution of all sales tax (both components) to major categories of recipients since 1985.

Finally, the last page of this analysis provides a summary of the actual amounts collected, retained by the county, and distributed to political subdivisions and school districts for 2001 with estimates for 2002 and 2003.

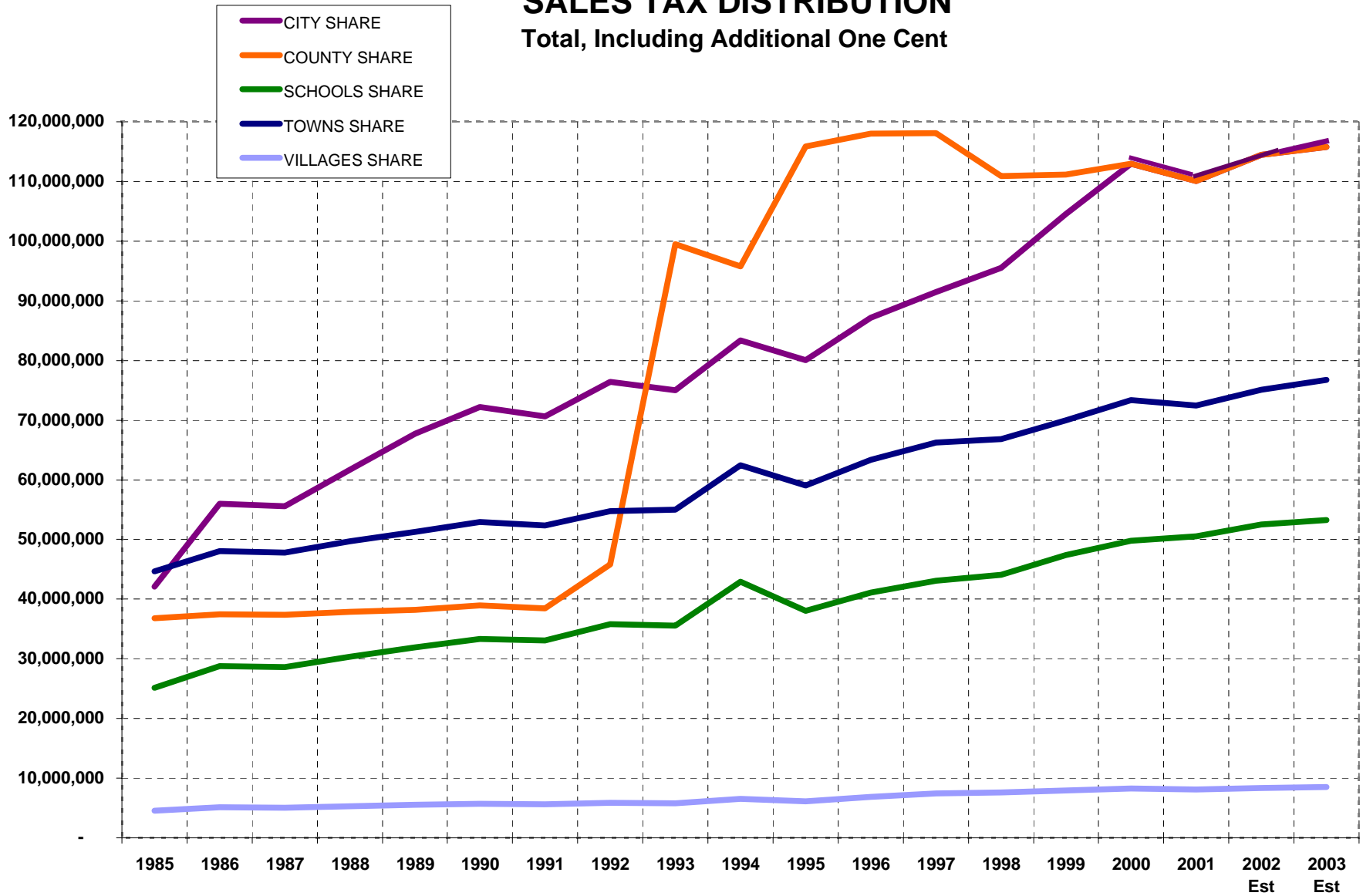
SALES TAX DISTRIBUTION

First Three Cents Component



SALES TAX DISTRIBUTION

Total, Including Additional One Cent



DISTRIBUTION OF SALES TAX AMONG JURISDICTIONS WITHIN MONROE COUNTY

Sales Tax Component/Year	Total Collected	Distribution				
		County ⁽¹⁾	City of Rochester	Towns (Aggregate of 19)	Villages (Aggregate of 10)	Suburban School Districts (Aggregate of 24)
First Three Cents						
2001 Actual	\$263,296,479	\$46,714,448	\$93,692,053	\$69,774,365	\$6,964,441	\$46,151,172
2002 Est. Revised	273,817,129	48,265,636	97,979,876	72,344,000	7,232,363	47,995,254
2003 Estimate	277,655,106	48,757,661	98,928,515	73,953,074	7,347,873	48,667,983
Additional One Cent						
2001 Actual	87,920,524	63,382,740	16,405,135	2,637,616	1,099,007	4,396,026
2002 Est. Revised	91,083,611	66,186,308	16,472,069	2,732,508	1,138,545	4,554,181
2003 Estimate	92,451,318	67,035,212	16,864,358	2,773,540	1,155,641	4,622,567
Combined						
2001 Actual	351,217,003	110,097,188	110,097,188	72,411,981	8,063,448	50,547,198
2002 Est. Revised	364,900,740	114,451,944	114,451,945	75,076,508	8,370,908	52,549,435
2003 Estimate	370,106,424	115,792,873	115,792,873	76,726,614	8,503,514	53,290,550

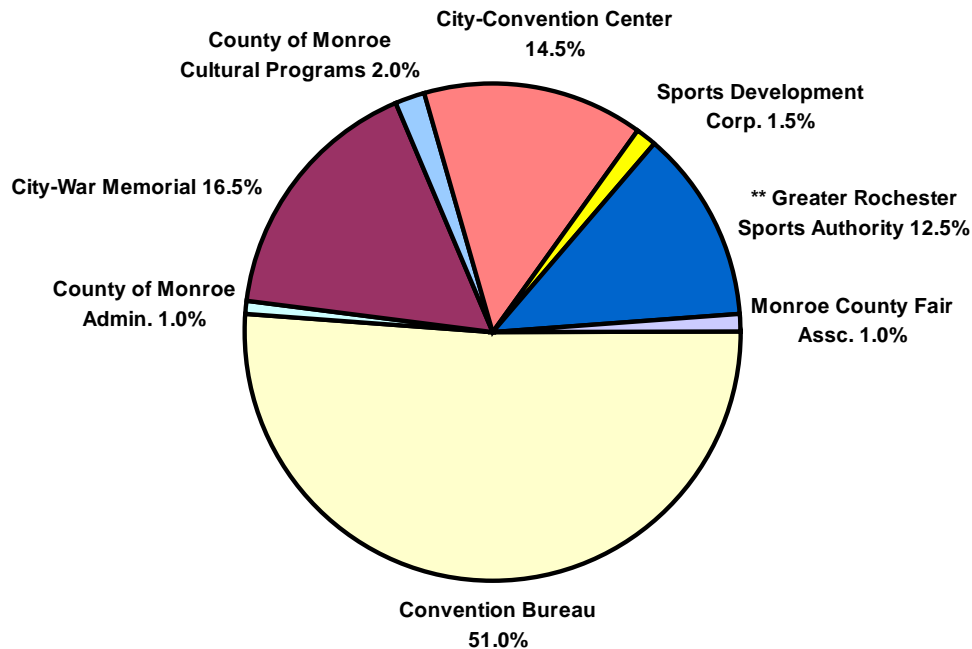
1. The above figures are based on the New York State Sales Tax year (December 1 - November 30). The county's share does not exactly represent revenue formally recognized on the county financial statements for each year since accruals required for the county financial statements (revenue earned and recorded prior to receipts) have not been included. Not including the accruals for the county keeps the figures for all jurisdictions on a consistent basis.

MONROE COUNTY HOTEL ROOM OCCUPANCY TAX

Effective January 1, 2001, the Hotel Room Occupancy Tax levied by Monroe County increased from 4% to 6% (This is levied in addition to the standard 8% retail sales tax). The tax is collected from hotel operators quarterly based on the calendar year.

The revenue derived from the tax is largely distributed to agencies, corporations, and associations whose activities promote or enhance tourism in Monroe County. The following distribution is based on allocation of the 6% tax. As of January 1, 2001, the distribution of the tax is on a percentage basis as follows:

MONROE COUNTY HOTEL ROOM OCCUPANCY TAX Percentage Distribution



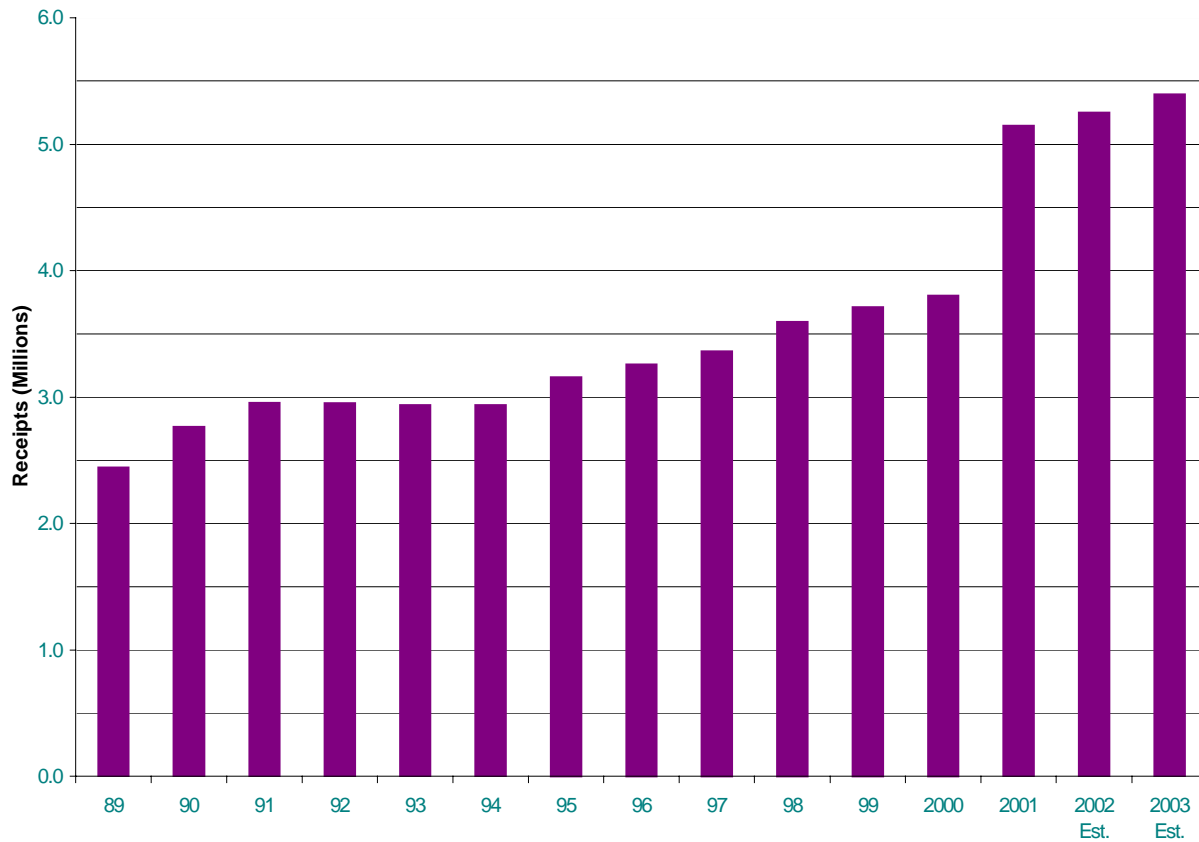
The actual distribution for 2001, the most recent year for which actual figures are available, and estimated figures for 2002 (revised) and 2003 are as follows:

	Total Receipts	County of Monroe (Admin.)	County of Monroe (Cultural Programs)	City of Rochester (War Memorial)	City of Rochester (Convention Center)	Monroe County Fair & Recreation Association	Rochester/ Monroe County Convention Bureau	Sports Development Corp.	**Greater Rochester Sports Authority
2001	\$5,145,349	\$51,346	\$102,800	\$849,894	\$746,934	\$51,507	\$2,624,021	\$77,019	\$641,828
2002*	5,248,000	52,480	104,960	865,920	760,960	52,480	2,676,480	78,720	656,000
2003*	5,393,000	53,930	107,860	889,845	781,985	53,930	2,750,430	80,895	674,125

*Estimated

****Based on an amendment made by the County Legislature, the distribution of the Hotel Room Occupancy Tax for 2003 will reallocate \$400,000 from the Greater Rochester Sports Authority share to the County.**

MONROE COUNTY HOTEL ROOM OCCUPANCY TAX Total Collections



Rate History

July 1, 1971 to June 30, 1986	2%
July 1, 1986 to April 30, 1989	3%
May 1, 1989 to December 31, 2000	4%
January 1, 2001 to Present	6%